



Association of Bay Area Governments  
Bay Area Air Quality Management District  
Bay Conservation and Development Commission  
Metropolitan Transportation Commission

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## JOINT POLICY COMMITTEE

Friday, January 18, 2008  
10:00 a.m. to 12:00 Noon  
MetroCenter Auditorium  
101 Eighth Street, Oakland

### AGENDA

1. Call to Order
2. Approval of Joint Policy Committee Meeting Minutes of November 16, 2007 Action
3. Projections 2009 Action

ABAG is about to begin the preparation of *Projections 2009*. This is a major regional planning document, and State statute requires that the JPC “coordinate the development and drafting” of all such documents. Since 2003, *Projections* have been policy-based, but the policy importance of the ABAG forecasts was not fully appreciated until the onset of the present Regional Housing Needs Allocation (RHNA) cycle, for which *Projections* are central. ABAG staff is seeking JPC guidance on a proposal to make the *Projections* explicitly performance-based, in a manner similar to the approach being taken to the current Regional Transportation Plan update. This will clearly make the policy assumptions more apparent.
4. FOCUS Priority Development Areas (PDAs) in the Real World Discussion

To assist regional policy-makers in understanding and responding to the practical on-the-ground potential and challenges of focused growth and PDA development in particular, we are scheduling a series of presentations from exemplary PDAs, representing a wide variety of situations from around the region. To kick off this series, the City of Santa Rosa has agreed to make a presentation on its downtown plan, which was financed in part by a station-area-planning grant from MTC. Other presentations will follow over ensuing months.
5. Regional Transportation Plan—Financial Incentives for PDAs Discussion

MTC staff has asked that the JPC consider and provide policy advice on potential tradeoffs and other issues involved in using regional discretionary transportation monies to fund incentive investments that support PDAs. The attached memorandum provides

background and outlines some broad options.

6. Air District Climate Protection Grants

Information

The Air District recently provided \$3 million in grants to support climate protection initiatives around the region. Noting the JPC's intense interest in climate, Air District staff will provide a brief information update on the grant program and its recipients.

7. Public Comment

8. Adjournment

NEXT SCHEDULED MEETING:

10:00 a.m. to Noon

Friday, February 15, 2008

Bay Conservation and Development Commission

26<sup>th</sup> Floor

50 California Street, San Francisco

The JPC may take action on any item listed in the agenda.

This meeting is scheduled to end promptly at 12:00 Noon. Agenda items not considered by that time may be deferred.

The public is encouraged to comment on agenda items by completing a request-to-speak card and giving it to JPC staff or the chairperson.

Although a quorum of the Metropolitan Transportation Commission may be in attendance at this meeting, the Joint Policy Committee may take action only on those matters delegated to it. The Joint Policy Committee may not take any action as the Metropolitan Transportation Commission unless this meeting has been previously noticed as a Metropolitan Transportation Commission meeting.



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## JOINT POLICY COMMITTEE

**Minutes of the Meeting of November 16, 2007**  
**Held at 10:00 AM in the MetroCenter Auditorium, Oakland**

Attendance:

ABAG

Jane Brunner  
Dave Cortese  
Scott Haggerty  
Rose Jacobs Gibson  
Gwen Regalia

BAAQMD

Chris Daly  
John Gioia  
Jerry Hill  
Mark Ross, Chair  
Pamela Torliatt  
Gayle B. Uilkema

BCDC\*

Jim Bourgart  
Geoffrey Gibbs  
Larry Goldzband  
Anne Halsted

\*non-voting

MTC

Tom Bates  
Jim Spering  
Ken Yeager

1. Call to Order

Chair Ross called the meeting to order.

2. Approval of the Joint Policy Committee Meeting Minutes of September 21, 2007

The Minutes of the previous meeting were approved.

3. Regional Transportation Plan (RTP)—Policy Choices

Ted Droettboom provided an introductory slide presentation. The presentation reported the results of a region-wide public-opinion poll, outlined the staff analysis of the effectiveness of various transportation investment and strategy packages relative to provisional plan targets, and summarized comment received at the ABAG General Assembly / MTC Transportation Summit held on October 26<sup>th</sup>. A copy of the presentation is available on the JPC website:

[http://www.abag.ca.gov/jointpolicy/jpc\\_presentations.htm](http://www.abag.ca.gov/jointpolicy/jpc_presentations.htm).

Discussion covered a number of topics as follows:

Targets

All agreed that it would be helpful to base the next plan on performance objectives, against which progress could be overtly gauged. There were, however, two positions on how ambitious our targets should be. Some argued that we needed to set very aggressive (“stretch”) objectives in order to genuinely recognize and be relevant to the magnitude of the issues—particularly climate change—facing the region and the world over the period of this plan. One member expressed it this way: “If you don’t

go out on a limb, you won't get the fruit." Others argued that the targets should be shorter-term and clearly achievable; unrealistic aspirations would frustrate us and make the progress we do make seem less relevant, trivial, and even unnecessary. Those in favor of less aggressive targets also observed that we would be unlikely to receive legislative support for more aggressive targets, noting that the Legislature's own business-as-usual actions seemed to be contradictory to its notionally ambitious objectives.

Both sides of the issue acknowledged that performance measures implied accountability and that the threat of law suits challenging our inability to achieve targets was real. However, the targets and our response to them could be structured in such a way as to minimize the possibility of misguided, frivolous and vexatious litigation. One way of structuring targets, which responded both to the need to avoid litigation and the need to make measurable progress, would be to set short-term achievable objectives within the context of more ambitious long-term targets. The short-term goals might be ratcheted up over time as success is achieved and as the imperative to be more aggressive increases.

### Pricing

Transport pricing, like targets, was another idea that could, and probably should, be implemented incrementally, starting modestly and ramping up as political support grows, as viable alternatives to automobile travel become available, and as households are able to adjust to higher prices through new location and travel choices.

Equity is of paramount concern in any pricing regime, and if we are not careful we could simply turn moderate income people into low-income people with little tangible change in travel behavior. To be effective in reducing travel and to also be equitable, pricing requires the provision of convenient alternatives (walking, biking and transit) to single-occupant vehicle trips. Pricing revenue needs to support these alternatives.

Before implementing pricing, it will be important to test the attitudes and coping reactions of different strata and segments of the population to ensure we can get the desired behavioral shifts without inequitably burdening particular groups.

### Encouragement for PDAs

Committee members expressed general support for using transportation funds to support Priority Development Areas, but some committee members were opposed to doing this at the expense of the present level of funding for rural and suburban areas. These members argued that we need to encourage good planning of greenfield areas as well as infill areas. Using programs like TLC in areas of less-intense development can help educate developing areas about regional objectives and how good local development can contribute to the achievement of these objectives. While it makes sense to push development back to the urban core, we cannot abandon the suburbs either. We need to find common ground for various parts of the region to come

together around common objectives, and this may require a sub-regional (i.e., county-level approach. One suggestion was for appropriate suburban job creation to complement urban housing creation and improve jobs/housing balance throughout the region, and particularly at the boundaries with adjoining housing-rich-job-poor regions.

A JPC member representing an urban-core city, indicated that it was willing to accept as much new housing as the market would bear, but that it will require assistance in providing the infrastructure that this new housing will require. In addition to capital funding, incentives are required for planning and engaging communities in the planning process so that existing residents can help shape positive growth compatible with local quality-of-life objectives.

#### Criteria for Transportation Infrastructure Investment

Discussion on this topic was limited, but there was a suggestion that all projects ought to be evaluated relative to CO<sub>2</sub> and that this might require some hard choices even relative to already “committed” projects.

There was a general sentiment that regional priority ought to continue for transit investments, though the priority among alternative transit modes and technologies was less clear. Some argued for extensive regional rail investments to the edges of the region and beyond. Others argued for improving local bus services within existing developed areas in association with complementary pedestrian and bike improvements. Greater coordination among transit services was also urged. Services should support one another rather than being duplicative.

Transit convenience and breaking down the income and class schisms characterizing transit usage, particularly for bus services, were urged as regional priorities. There was acknowledgement that our transit investments to this point had failed to live up to their promises and that we needed to do more to encourage transit use. Committee members argued that we needed to create quality transit that people wanted to take. One member referenced the work his community was doing to exploit the connection between transit usage and land-use intensity.

#### Technology

Several committee members expressed confidence that new technology would play a big role relative to our provisional environmental targets; i.e., that there was significant potential for alternative fuels and for high-efficiency and zero-emission vehicles. Incentives for research were suggested. Improvements in our technology for modeling travel behavior were also advocated.

### Leadership

The need and public desire for forward-thinking, long-range regional leadership was emphasized. Leadership is required to advocate and pursue currently unpopular but potentially necessary ideas, to bridge the gap between state and local objectives, to show the way for the rest of the nation and the world, and to break from past business-as-usual practices which will not continue to work into the future. Leaders are also required to fulfill their traditional role of reminding us that the common good is not simply an aggregation of individual interests and to help us turn potential problems into opportunities for economic growth and positive social change.

### Substantive Consideration of Policy Issues

Noting the significance and difficulty of many of the issues driving the current RTP, some members suggested that more in-depth and segmented discussion was required of the questions before the JPC and the MTC. Major policy should be the subject of more focused discussion, less superficial discussion.

#### 3. Public Comment

Most of the public comment was received relative to the above specific agenda item and is incorporated in the summary of that item. In addition, a concern was raised about the spread of contagions through use of public transit.

#### 4. Adjournment

The meeting adjourned at Noon.

## M E M O

**To: Joint Policy Committee**  
**From: Paul Fassinger, ABAG Research Director**  
**Christy Riviere, Senior Planner**  
**Date: January 9, 2008**  
**Subject: Linking Performance Targets to Policy Assumptions in Projections 2009**

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### Summary & Requested Actions

Since 2003, ABAG's Projections have been a "policy-based" population, household and jobs forecast, as opposed to a traditional "trend-based" forecast. Policy is reflected in the Projections through the assumptions about the location and density of future growth. These assumptions are based on the broad policy statements adopted by ABAG's Executive Board in 2002, at the completion of the *Smart Growth Strategy Livability Footprint Project*.

As policy-based projections, the land-use forecast is the most complete and detailed expression of the region's land-use policies. However, while the assumptions that make Projections policy-based do reflect regional policies, the broad nature of the policies, i.e. increase housing choices and affordability, makes developing, explaining and evaluating the efficacy of the region's preferred land-use pattern against regional policies ambiguous and onerous.

As part of its Regional Transportation Plan update, MTC adopted a series of performance targets. These targets included reducing vehicle miles traveled (VMT) and congestion, and improving air quality and social equity. Sensitivity analyses were then performed to determine how land use and transportation pricing, in combination with various transportation infrastructure investments, could perform against the targets. To test the power of the land-use component, ABAG staff constructed a hypothetical land-use alternative which redirected virtually all new household and job growth to existing communities and transit stations.

The land use sensitivity analysis allowed staff, decision makers, and the public to clearly see the impact that land use has on region-wide VMT, air quality, congestion and social equity. The analysis also demonstrated the need to re-consider the efficacy of our existing land use assumptions in Projections. This is because the alternative land use used in the RTP analysis had to be highly aggressive in order to make any measurable difference on the performance targets. This reveals real weaknesses in our existing land-use assumptions and their ability to make measurable difference in VMT, air quality or in reducing region-wide congestion--noting, however, that land-use performed as well or better than equally aggressive and expensive infrastructure investment and transport pricing scenarios.

ABAG's staff has produced draft recommendations for the ABAG Executive Board. We are seeking the JPC's input and advice on these recommendations.

If the JPC believes performance targets would be helpful in furthering regional goals, we would then ask that the JPC to review draft performance targets at ensuing Committee meetings.. Staff would also like to review these targets with the constituent boards of the JPC in the coming months.













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## JOINT POLICY COMMITTEE — REGIONAL PLANNING PROGRAM

Date: January 7, 2008  
To: Joint Policy Committee  
From: Regional Planning Program Director  
Subject: Regional Transportation Plan—Financial Incentives for PDAs

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As part of the process for developing the 2035 Regional Transportation Plan, MTC staff has requested that I bring an important policy issue to the Joint Policy Committee for discussion and advice. The issue relates to using discretionary regional transportation funding to support FOCUS Priority Development Areas (PDAs).

The attachment to this memo provides some background on PDAs and on the rationale for regional support. The body of this memo deals with the magnitude of financial need identified by PDA jurisdictions and on the potential for regional discretionary funds to fill some small part of this need. If regional discretionary funds are to be used for this purpose, some tradeoff relative to other regional and local objectives will be required, and that is the crux of the policy issue before the Committee.

### PDA Financial Need

Roughly two-thirds of the specific PDAs submitted for regional adoption were accompanied by estimates of the financial resources required to bring the visions for these areas to reality. Some of the PDAs have detailed plans, others have not even begun the planning process; so the accuracy and completeness of financial estimates vary widely. Nevertheless, the table below, compiled from the submitted estimates, provides an order-of-magnitude notion of the potential capital and operating needs associated with PDA development.

### Partial and Preliminary PDA Budgets

Purpose	Amount (\$ billions)
Street & Transit	\$16.0 (\$44.0 million operating)
Utilities	\$ 1.9 (\$2.8 million operating)
Recreation & Parks	\$ 1.2 (\$0.6 million operating)
Community Amenities	\$ 0.5 (\$2.3 million operating)
Housing	\$ 3.8 (\$5.2 million operating)
Miscellaneous	\$ 0.9
<b>Total- Capital</b>	<b>\$24.3</b>

PDA jurisdictions have no expectation that regional financial assistance will be available to cover anywhere near the current twenty-four billion dollar total or the much larger total for the complete set of all PDAs. However, regional monies can help kick-start the public component of the development process and can fill small but important gaps for which there is no other ready source of funds.

### Discretionary Regional Transportation Funds

The 2030 RTP provides a good clue to the likely amount and program allocation of regional discretionary funds in the twenty-five-year 2035 plan.

#### Transportation 2030 Discretionary Programs

<b>Program</b>	<b>Amount (\$ billions)</b>
Transit Capital Replacement *	\$1.30
Local Streets & Roads Maintenance *	\$0.99
Transportation for Livable Communities (TLC), including HIP	\$0.45
Regional Operations Program	\$0.27
Regional Bicycle/Pedestrian Program	\$0.20
Lifeline Transportation	\$0.22
Clean Air in Motion Program	\$0.04
<b>Total</b>	<b>\$3.47</b>
<i>*Note: Significant non-discretionary/ “committed” dollars are also assigned to transit capital (\$12.2 B) and local streets and roads (\$10.6 B)</i>	

Present discretionary funds are fully allocated to existing programs for which there are existing constituencies. All are oversubscribed, requiring the establishment of priorities within programs. Of the current programs, the most relevant for possible use in support of PDAs are Local Streets and Road Maintenance, Transportation for Livable Communities, and the Regional Bicycle/Pedestrian Program. These programs can act as direct incentives to local governments as they can help pay for projects which might otherwise have to be funded with local funds were they to be funded at all. That is, these programs may directly impact local-government budgets—largely through augmentation of local infrastructure investments.

### Policy Options

MTC, on behalf of the regional agencies, has made \$7.5 million available for PDA and other transit-station planning through a competitive grant program. Up to \$14 million additional planning-grant money might become available over the next few years from state and regional sources (\$10M presently committed). This is an important contribution but does not address larger capital infrastructure needs within and in support of PDAs.

If the region is interested in facilitating PDA development through the strategic investment of discretionary regional transportation funds in infrastructure, then there are four basic options for doing so:

1. Carve out a special and separate PDA fund by diverting some funding from the total Transportation 2035 discretionary pot, currently projected to be as much as \$14 billion (2007\$) depending on competing project and program proposals;
2. Carve out special PDA components within some or all of the programs which most directly affect local-government expenditures (i.e., Local Streets and Roads, TLC and HIP, and Bike/Ped);
3. Give some non-exclusive priority to prospective Transportation 2035 projects within or connect to PDAs via formula or weighting criteria (i.e., extra points for PDAs on top of the existing system for establishing allocation priorities);
4. Wait and create a PDA program only from new funds, not from existing programs (noting that the next most likely source of new funds might be a regional gasoline fee, which at best is several years away).

Some incremental PDA priority for Local Streets and Road monies can be justified by the premise that PDAs will be taking greater population growth, leading to more traffic and more wear and tear on the local street system. A well-maintained system of roads may also be instrumental in attracting more desired development. A similar argument applies to bicycle and pedestrian investments, which will also provide connectivity to transit and local amenities. The TLC program has always been associated with the promotion of smart growth. An explicit link to PDAs will provide a stronger tie to performance expectations, consistent with the general performance orientation of the 2035 RTP.

MTC staff is seeking JPC advice on the general policy options and other possible alternatives. In providing that advice, it would be helpful if Committee members could consider two perspectives: (1) that of regional policy-makers seeking progress on focused growth and PDA development; (2) that of local government officials whose jurisdictions might be affected by the re-orientation of existing discretionary funding. From both perspectives, is there sufficient interest in supporting PDAs to accept some tradeoff with the other objectives embodied in the present regional discretionary programs?

## ATTACHMENT

### FOCUS Priority Development Areas Background and Key Questions

This paper provides some background information on the PDA process and addresses three key questions about Priority Development Areas (PDAs) and their significance to the Bay Area.

#### BACKGROUND

The Priority Development Area idea is one of two complementary concepts that are at the core of FOCUS, the regional-agency initiative to encourage focused (née “smart”) growth. The other core concept is the Priority Conservation Area, about which the JPC will hear more in 2008.

FOCUS and its Priority Area designations build upon and extend a number of existing Bay Area smart-growth initiatives: the *Smart Growth Strategy / Regional Livability Footprint Project*; the jointly adopted *Smart Growth Preamble and Policies*; ABAG’s smart-growth-policy-based *Projections* series (i.e., *Projections 2003, 2005, and 2007*); MTC’s Transportation for Livable Communities (TLC) planning and capital grants program, including the Housing Incentive Program (HIP), the Resolution 3434 Transit-Oriented Development (TOD) policy; the Transportation and Land-Use Platform in *Transportation 2030*; and ABAG’s most recent Regional Housing Need Allocation (RHNA), which directs housing responsibility to jurisdictions based on the presence of high-quality transit and the potential to improve jobs/housing balance.

FOCUS acknowledges the primacy of local governments in land-use matters; and it seeks the voluntary cooperation of local governments in facilitating the development of compact and complete neighborhoods. As illustrated in the target analyses done for the *Transportation 2035* vision, this form of focused neighborhood development will provide powerful assistance to the region’s efforts to achieve greater transportation efficiency and environmental protection, particularly related to climate change.

In early 2007, local governments were invited to submit applications for regional Priority Development Area designation. To qualify for PDA status, a neighborhood has to be within an already developed community, have access to existing or proposed high-quality transit, and be planning for additional new housing. PDAs are also required to have a minimum area of about 100 acres. This is to ensure that areas are at a scale appropriate to be planned and developed as complete neighborhoods, not just as singular, unconnected housing projects.

At the time of application, jurisdictions were informed that designated PDAs could become eligible for as-yet-unspecified regional and state incentives to assist them in achieving their development objectives. Regional agencies provided only a qualified commitment to employ their best efforts to find sources for incentive funding and make this funding available at the earliest feasible opportunity. There were no firm funds and no firm timelines for funding.

In spite of only a vague and heavily conditioned promise of future incentives, fifty local-government jurisdictions submitted PDA applications covering nearly 150 individual Priority Development Areas. Divided into “Planned” and “Potential” designations based on the

completeness of present planning documents and consequent readiness for capital investment, the proposed PDAs cover about three percent of the Bay Area's land area. However, an aggregation of the jurisdictions' own estimates of future housing development suggests that the PDAs could easily accommodate nearly half of the region's projected housing growth to 2035. If realized, that could be a significant contribution to the Bay Area's focused-growth objectives.

The complete list of planned and proposed PDAs was adopted by the ABAG Executive Board on November 14, 2007.

## KEY QUESTIONS

Now that an initial set of Priority Development Areas has been confirmed and more are expected with a second round of applications in 2008, it is important to remind all involved what PDAs are about, why they are important to the region, and why they need regional support. Answers to three key questions address this need.

### *1. What are the expectations for a typical PDA?*

One size does not fit all and there is no typical PDA. Development intensity and form will depend on context and on the interaction and intersection of local aspirations and regional objectives. However, we expect that the ideal PDA will be planned as a complete neighborhood:

- that it will not be solely a housing enclave, but that it will contain a variety of uses and amenities to meet the day-to-day needs of residents and provide some employment opportunities as well;
- that it will not be planned with exclusive preference for the automobile, but that it will provide easy local and regional transportation choices for walking, biking, and taking transit and that connectivity among uses and travel modes will be as convenient and seamless as possible;
- that it will accommodate a diversity of incomes, ethnicities, household types, ages and life styles and in particular that those who are employed in the area and serve its residents will have affordable housing opportunities so they can become residents themselves;
- that both future development interests and existing residents have been included in the planning process so that the neighborhood improves without losing its essential qualities and so that both new and present residents benefit from change; and
- that development intensity, use mix and population density will be appropriate to the economics of the transit technology serving the area, so that service can be frequent and convenient and so that load factors can be optimized.

While not all—perhaps not even most—PDAs will be able to meet all these expectations (at least in the short term), we anticipate that those that do will set replicable examples that others will want to follow. Not only will these PDAs assist regional objectives for transportation and the environment, they will also provide a high quality of neighborhood life that will be very attractive to new and existing residents and overcome much of the traditional resistance to neighborhood redevelopment and intensification.



## 2. *Why are PDAs important to the region?*

A great region is built from great cities, and great cities are built from great neighborhoods. Well-planned PDAs will become great neighborhoods. But more practically and imminently, from a regional perspective, PDAs will reduce vehicle miles traveled (VMT). That is really important, as reducing VMT is central to the region's efforts to reduce CO<sub>2</sub>, one half of which comes from the transportation sector.

PDAs will reduce VMT in several ways. PDAs will provide ready access to the regional transit network of rail, ferry and bus services, and that network will be made stronger by a larger market of nearby consumers. More people will get to work and other regional destinations by transit. Load factors and fare revenues will increase, and as a result transit providers may be able to provide a higher level of service<sup>1</sup>.

Just as important as getting people on to regional and local transit, is allowing people to choose other low-technology modes, particularly walking and biking, over the automobile. Access through proximity (i.e., creating compact communities where relatively high intensity residential development is located near commercial services, recreational amenities and other frequented activities) can be immensely powerful. We know of one North American city that has doubled the residential population of its central area, adding forty thousand people, without any measurable increase in automobile trips and only a small bump in transit use. There has been a large increase in total trips, but that increase has been almost entirely accommodated by bicycle and pedestrian modes.

Finally, PDAs will result in shorter automobile and local-transit trips. As the majority of PDAs are located in the inner Bay, close to employment concentrations, even those who must drive to work will not have to drive as far. And although some retail and recreational activities might not be within walking distance, they will still be closer than in most non-PDA neighborhoods. Further, they will likely be clustered in a manner that makes multi-purpose trips and trip-linking more feasible.

## 3. *Why do PDAs need regional support?*

For the reasons outlined above and as confirmed in the target analyses done for the *Transportation 2035* vision, focused growth, as implemented in part through PDAs, can be a viable and cost-effective alternative to expensive investment in new transportation infrastructure. Focused growth is also required to get maximum benefit from the costly transit investments to which we continue to commit. Put simply, transit does not work without transit densities. Really convenient transit—transit that people who have a choice will choose to ride on a regular basis—cannot be practically and economically provided at typical suburban single-family densities. The more compact development forms contemplated for PDAs are essential to any

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<sup>1</sup> Higher load factors will also directly reduce CO<sub>2</sub>. Because of its large diesel engine, a bus with a low passenger load factor can produce more carbon per passenger than transporting a comparable number of people in single-occupant automobiles. Increasing load factors through well-located density will reverse that relationship and ensure that transit is truly carbon-efficient, as it should be.

hope of significantly increasing transit mode split, regardless of how much we invest in directly improving transit service. Therefore, it is clearly in the region's interest to support PDAs.

That support is also absolutely required, both philosophically and in tangible financial terms. Under current circumstances, meaningful PDAs will not occur at any appreciable scale without some form of regional financial assistance. There are two reasons for this, one chronic and the other acute.

The chronic reason relates to the continuing legacy of Proposition 13 and the resultant dysfunctional nature of local government finance in California. Subject to constrained and volatile tax bases, many local governments have chosen not to commit the resources required to plan complete neighborhoods. Therefore, development too frequently proceeds on a project-by-project basis, and we have too few good examples of new or redeveloped neighborhoods that really work well. The relative absence of exemplary neighborhood-scale redevelopment, planned through genuinely inclusive planning processes, fuels public skepticism and resistance to further neighborhood change. As residential development also tends to yield lesser tax revenue than alternative uses, there is also a local government inability, or at least a reluctance, to fund the amenities and even the basic capital infrastructure that quality neighborhoods require. Outside incentive funding for planning and capital works is needed to overcome these fiscal frictions.

The acute reason relates to the failure of the State of California to embrace the concept of complete, quality neighborhoods and come to the aid of the cause. Part of the Proposition 1-C state bond measure is intended to provide infrastructure investments to support infill development. For the reasons outlined in the preceding sections of this memo, we have advocated for the application of these funds on an area or neighborhood basis. However, both the Legislature and the Administration have chosen instead to emphasize an individual-housing-project approach, giving only nominal and secondary priority to area approaches. Further both the allocation legislation and draft administrative guidelines tend to spread limited funds thinly across the state, making it exceedingly difficult for any one area to obtain sufficient funding to make a difference. This is a significant lost opportunity for which regional funds may have to compensate.

## CONCLUSION

Focused growth, implemented through Priority Development Areas, is a powerful idea that could effectively bridge the gap between regional objectives and local land-use authority. The idea merits and requires tangible regional support. MTC has already made the next round of Station Area Planning Grants available to PDAs and further planning grants are contemplated. The current update of the regional transportation plan, *Transportation 2035*, provides a timely opportunity to consider ways of also making capital incentives available to support focused growth in Priority Development Areas. Tradeoffs with other worthy regional objectives may well be required, and these could be very difficult, but in the current climate of rapid change, the costs of not taking this opportunity could also be high.